

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER

DECEMBER 31, 2010

FRANKLINTON, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/22/11

FINANCIAL STATEMENTS

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1

D/B/A

RIVERSIDE MEDICAL CENTER

DECEMBER 31, 2010

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**LANGLINAIS
BROUSSARD &
KOHLBERG**

A Corporation of Certified Public Accountants



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Washington Parish Hospital Service District No. 1
Franklinton, Louisiana

We have audited the financial statements of Washington Parish Hospital Service District No. 1 d/b/a Riverside Medical Center (the Hospital), a component unit of the Washington Parish Government, State of Louisiana, as of December 31, 2010, and the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Washington Parish Hospital Service District No. 1 d/b/a Riverside Medical Center, a component unit of the Washington Parish Government, State of Louisiana, at December 31, 2010, and the respective changes in financial position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The supplementary information included is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Washington Parish Hospital Service District No. 1 has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

LANGLINAIS BROUSSARD & KOHLBERG
(A corporation of Certified Public Accountants)

May 26, 2011

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WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

STATEMENT OF NET ASSETS

DECEMBER 31,

ASSETS

	<u>2010</u>
Current Assets	
Cash and Cash Equivalents	\$ 1,221,906
Assets whose use is limited and are required for Current Liabilities	418,000
Patient Accounts Receivable, less Allowance for Doubtful	
Accounts of \$797,631	3,621,568
Estimated Third-Party Payor Settlements	309,534
Inventory	322,866
Prepaid Expenses	79,464
Other Receivables	<u>197,724</u>
 Total Current Assets	 <u>6,171,062</u>
Assets Limited to Use	
For Debt Retirement:	
Cash and Cash Equivalents:	
General Obligation Bonds, Series 1999	215,565
Revenue Bonds, Series 2003	180,515
Ad Valorem Tax Receivable	<u>473,697</u>
Total Assets Limited to Use	869,777
Less: Assets whose use is limited and are required for	
Current Liabilities	<u>418,000</u>
Total Non-Current Assets Limited to Use	<u>451,777</u>
 Capital Assets	
Land	42,921
Construction in Progress	291,957
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>5,384,619</u>
 Total Capital Assets, Net of Accumulated Depreciation	 <u>5,719,497</u>
 Other Assets	
Deferred Financing Costs, net	<u>23,221</u>
 Total Other Assets	 <u>23,221</u>
 Total Assets	 <u><u>\$ 12,365,557</u></u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

STATEMENT OF NET ASSETS

DECEMBER 31,

LIABILITIES AND NET ASSETS

	<u>2010</u>
Current Liabilities	
Accounts Payable	\$ 968,339
Current Maturities of Long-Term Debt	418,000
Current Maturities of Capital Lease Obligations	1,053
Estimated Third-Party Payor Settlements	895,099
Patient Accounts - Credit Balances	116,284
Accrued Salaries	343,745
Accrued Compensated Absences	770,512
Accrued Interest Payable	10,958
Accrued Payroll Liabilities	<u>244,136</u>
Total Current Liabilities	<u>3,768,126</u>
Long-Term Debt	
General Obligation Bond, Series 2009	719,000
General Obligation Bond, Series 2003	<u>168,000</u>
Total Long-Term Debt	<u>887,000</u>
Total Liabilities	<u>4,655,126</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,413,444
Restricted for Debt Service (Expendable)	869,777
Unrestricted	<u>2,427,210</u>
Total Net Assets	<u>7,710,431</u>
Total Liabilities and Net Assets	<u>\$ 12,365,557</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

DECEMBER 31,

	<u>2010</u>
Operating Revenues	
Net Patient Service Revenue, Net of Provision	
For Doubtful Accounts of \$4,577,918	\$ 22,229,435
Other Operating Revenue	<u>603,919</u>
Total Operating Revenues	<u>22,833,354</u>
Operating Expenses	
Salaries	9,780,135
Employee Benefits	2,984,297
Outside Services and Professional Fees	3,926,341
Depreciation and Amortization	874,178
Supplies and Other Expenses	<u>6,318,999</u>
Total Operating Expenses	<u>23,883,950</u>
Income (Loss) from Operations	<u>(1,050,596)</u>
Non-Operating Revenues (Expenses)	
Ad Valorem Taxes	403,558
Rental Income	139,697
Interest Income	9,611
Interest Expense	(58,029)
Gain (Loss) on the Sale of Assets	<u>(4,964)</u>
Total Non-Operating Revenues (Expenses)	<u>489,873</u>
Change in Net Assets	(560,723)
Beginning Net Assets	<u>8,271,154</u>
Ending Net Assets	<u>\$ 7,710,431</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

STATEMENTS OF CASH FLOWS

DECEMBER 31,

	<u>2010</u>
Cash Flows from Operating Activities	
Receipts from Patients and Third-Party Payors	\$ 22,703,117
Receipts from Grants and Donations	471,550
Payments to Suppliers	(10,162,303)
Payments to Employees	<u>(12,765,270)</u>
Net Cash Flows Provided By (Used In) Operating Activities	<u>(247,094)</u>
Cash Flows from Non-Capital Financing Activities	
Ad Valorem Taxes	<u>322,507</u>
Net Cash Flows Provided By Non-Capital Financing Activities	<u>322,507</u>
Cash Flows from Investing Activities	
Interest and Rental Income	<u>149,308</u>
Net Cash Flows Provided By Investing Activities	<u>149,308</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of Capital Assets	(354,836)
Purchases of Construction in Progress	(263,094)
Interest Paid on Debt Obligations	(56,388)
Principal Payments on Bonds	(521,110)
Payment of Capital Lease Obligations	(11,307)
Proceeds from the Sale of Assets	<u>500</u>
Net Cash Flows Used in Capital and Related Financing Activities	<u>(1,206,235)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(981,514)</u>
Cash and Cash Equivalents at Beginning of Year, including \$410,185 Limited to Use	<u>2,599,500</u>
Cash and Cash Equivalents at End of Year, including \$396,080 Limited to Use	<u>\$ 1,617,986</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

STATEMENTS OF CASH FLOWS

DECEMBER 31.

2010

Reconciliation of Income (Loss) from Operations to Net Cash Flows
Provided by Operating Activities

Net Loss from Operations	\$ (1,050,596)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	874,178
Provision for Doubtful Accounts	4,577,918
Loss on the Sale of Assets	4,964
Increase in Patient Accounts Receivable	(4,990,873)
Increase in Inventory	(8,573)
Increase in Prepaid Expenses and Other Current Assets	(19,791)
Increase in Other Receivables	(49,569)
Increase in Estimated Third-Party Payor Settlements Receivable	(6,696)
Increase in Estimated Third-Party Payor Settlements Payable	280,668
Increase in Accounts Payable	216,881
Increase in Accrued Salaries	20,380
Decrease in Accrued Compensated Absences	(19,542)
Decrease in Accrued Payroll Liabilities	(76,443)
Net Cash Flows Provided By (Used In) Operating Activities	<u>\$ (247,094)</u>

The accompanying notes are an integral part of these financial statements.

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Reporting Entity

Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (the Hospital) is an acute care facility created pursuant to Louisiana Revised Statutes of 1950, Title 46, Chapter 10. It is the Hospital's mission to provide it's community with high quality care and education in a friendly, caring and professional manner. The administration of the Hospital is governed by a Board of Commissioners consisting of members appointed by the Washington Parish Council.

The financial reporting entity consists of (a) the primary government (councilman), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Council appoints all of the members of the Hospital's governing board and has the ability to impose its will on the Hospital, the Hospital is a component unit of Washington Parish. The basic financial statements present information only on the funds maintained by the Hospital and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict or contradict GASB pronouncements.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, money market accounts and certificates of deposit with an original maturity of three months or less, excluding amounts restricted as to use by Board designation, other arrangements under trust agreements, or with third-party payors.

Restricted Assets

Assets whose use is limited include funds set aside by the Board of Commissioners to satisfy deposit requirements of the Hospital's debt agreements.

Capital Assets

The Hospital's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of contribution, which is then treated at cost. Equipment under capital lease is stated at the lower of the present value of minimum lease payments at the beginning of the lease term or fair value at the inception of the lease. Maintenance, repairs and minor replacements, and improvements are expensed as incurred. Major replacements and improvements are capitalized at cost.

Description of property, plant and equipment is calculated on the straight-line method using the following estimated asset lives:

Land Improvements	15-20 years
Buildings and Building Improvements	20-40 years
Computers and Furniture	3- 7 years

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Equipment held under capital lease is amortized on the straight-line method over the shorter of the lease term or estimated useful lives of the assets.

Inventory

Inventory is valued at the lower of cost or market, using the first-in, first-out method.

Cost of Borrowing

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest earned on these same borrowed funds, before the funds are spent on the construction of the capital assets, is also capitalized.

Restricted Resources

The Hospital first applies restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted net assets are available.

Net Assets

Net assets represent the difference between assets and liabilities. Net asset classifications are defined as follows:

Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, is reduced by unspent debt proceeds.

Restricted Expendable Net Assets consist of non-capital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital, including amounts deposited with trustees as required by revenue bond indentures.

Unrestricted Net Assets consist of remaining net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt", as described above.

Operating Revenue and Expenses

The Hospital's statements of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services-the Hospital's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Direct Response Advertising

The Hospital expenses advertising costs as incurred. Advertising expenses incurred during the year ended December 31, 2010 totaled \$36,108.

Compensated Absences

Full-time employees are granted vacation in varying amounts as established by Hospital policy. Unused vacation days earned, up to a maximum of 224 hours per year (28 days per year), may be carried forward and accumulated with a maximum of 448 hours. In the event of termination, an employee is reimbursed for accumulated vacation days.

In addition, full and part-time employees are also granted sick pay at a rate of 0.02313 hours per paid hour as established by Hospital policy. Unused sick pay, up to a maximum of 480 hours, may be accumulated. Unused sick pay is not payable upon termination, unless the employee has 20 years of service or more to the Hospital. These employees are paid at the rate of one-half their current hourly rate, for each accrued hour of sick time, not to exceed 480 hours.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Investment in Debt and Equity Securities

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized costs. Interest, dividends, gains, and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating revenue when earned.

Trade Receivables and Allowance for Doubtful Accounts

Trade receivables are carried at the original billed amount less an estimate made for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experiences applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare - Effective July 1, 2004, the Hospital was approved for "critical access" status under the Medicare Rural Hospital Flexibility Program. The program allows States to designate rural facilities as "critical access hospitals" if they are located a sufficient distance from other hospitals, make available 24-hour emergency care, maintain no more than 25 inpatient beds, and keep inpatients no longer than 96 hours (except where weather or emergency conditions dictate, or a Peer Review Organization waives the limit). Payments for inpatient/outpatient services under critical access are on the basis of reasonable costs.

Prior to July 1, 2004, the Hospital was paid for inpatient acute care services rendered to Medicare program beneficiaries under prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined classification of patients and the appropriateness of the patients' admissions are subject to a validation review by a Medicare peer review organization, which is under contract with the Hospital to perform such reviews.

Cost reimbursed services are paid at tentative rates, with final settlement determined after submission of annual cost reports and the completion of audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited or reviewed by the Medicare fiscal intermediary through December 31, 2008.

Medicaid - Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology subject to an outpatient adjustment determined by the Department of Health and Hospitals.

The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and the completion of audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited or reviewed by the Medicaid fiscal intermediary through December 31, 2007.

Revenue from the Medicare and Medicaid programs accounted for approximately 62% of the Hospital's net patient revenue for the year ended December 31, 2010.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. These adjustments will be recorded in the year they are realized.

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related service are rendered and adjusted in future periods as final settlements are determined.

Rural hospitals can be reimbursed up to 100% for uncompensated cost rendered to Medicaid and uninsured patients, commonly referred to as Uncompensated Care (UCC) payments. The hospital received \$999,996 in Uncompensated Care payments for the year ended December 31, 2010. These payments are based upon estimated uncompensated care cost and is subject to audit by the Louisiana Department of Health and Hospitals. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. These adjustments will be recorded in the year they are realized. Management has not established an estimated liability for such retroactive adjustments as of December 31, 2010. Coverage for uncompensated care is based on the State's fiscal year.

Advalorem Taxes

Property taxes were levied on January 1, on property values assessed on that date. Notices of tax liability are mailed on or about November 1, of the same year and are due and payable at that time. All unpaid taxes levied become delinquent January 1, of the following year. Property tax revenues are recognized in the same fiscal year within which they are billed because they are considered available in that period. Available includes those property tax receivables expected to be collected within sixty days after year end. However, the receivable for property taxes is recorded at January 1, the lien date.

The hospital's ad valorem tax is 6 mills. Ad valorem taxes make up approximately 1.7% of the hospital's financial support for the year ended December 31, 2010. These funds are used for debt service.

Income Taxes

The Hospital is a political subdivision and exempt from taxes.

Environmental Matters

Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at the time, management is not aware of any environmental matters which need to be considered.

Reclassifications

To be consistent with current year classifications, some cash flow items from the previous year have been reclassified with no effect on net assets.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 2 - CASH AND CASH EQUIVALENTS

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Hospital's bylaws require that all bank balances be insured or collateralized by U.S. government securities held by the pledging financial institution's trust department in the name of the Hospital.

The carrying amounts of deposits are included in the Hospital's Balance Sheets as follows:

	<u>2010</u>
Insured by the FDIC	\$ 250,000
Collateralized by securities held by the pledging financial institution's trust department in the Hospital's name	<u>12,288,534</u>
Total collateral held for bank balances	<u>\$12,538,534</u>
Total carrying value per bank	<u>\$ 1,986,684</u>

For the purposes of cash flows, cash and cash equivalents for the year ended December 31, are as follows:

	<u>2010</u>
Cash and Cash Equivalents	\$ 1,221,906
Assets Limited To Use:	
Cash and Cash Equivalents	
General Obligation Bonds, Series 1999	215,565
Revenue Bonds, Series 2003	<u>180,515</u>
Total Cash and Cash Equivalents	<u>\$ 1,617,986</u>

NOTE 3 - ASSETS LIMITED AS TO USE

Pursuant to a resolution by the Board of Commissioners of the hospital made in January of 2003, in relation to the Series 2003 Revenue Bonds, the hospital entered an agreement to reserve cash as follows:

To deposit into the Hospital Revenue Bond and Interest Sinking fund, "a sum equal to the total amount of principal and interest accruing on the Outstanding Revenue Bond and the Bonds for such month, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due."

To deposit into a Hospital Revenue Bond Reserve Fund, "a sum at least equal to ten percent of the amount to be paid to the into the Sinking Fund...until such time that there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any fiscal year on the outstanding revenue bond".

To deposit into the Hospital Depreciation and Contingencies Fund, "a sum equal to five percent of the monthly payment being paid into the Sinking Fund".

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 3 - ASSETS LIMITED AS TO USE (CONTINUED)

Pursuant to a resolution by the Board of Commissioners of the hospital made in February of 2009, in relation to the Series 2009 Revenue Bonds, the hospital entered an agreement to reserve cash as follows:

The hospital is "bound under the terms and provisions of law and this resolution to impose and collect annually, in excess of all other taxes, a tax on all the property subject to taxation within the territorial limits of the issuer, sufficient to pay the principal of and interest on the bonds falling due each year."

The hospital is to "maintain a special fund...the "Sinking Fund" into which the issuer will deposit the proceeds of the aforesaid tax."

The composition of assets limited to use at December 31, 2010, are set forth in the following table:

	<u>2010</u>
Cash and Cash Equivalents	
General Obligation Bonds, Series 1999	\$ 215,565
Revenue Bonds, Series 2003	180,515
Ad Valorem Tax Receivable	<u>473,697</u>
Total Cash and Cash Equivalents	<u>\$ 869,777</u>

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Investments: Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices for similar securities.

Assets limited as to use: These assets consist primarily of cash, short-term investments, and interest receivable. The carrying amount reported in the balance sheet is fair value.

Accounts payable and accrued expenses: The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates its fair value.

Estimated third-party payor settlements: The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair value.

Long-term debt: Fair values of the Hospital's revenue notes are based on current traded value. The fair value of the Hospital's remaining long-term debt is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts and fair values of the Hospital's financial instruments for the year ended December 31, 2010, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 1,221,906	\$ 1,221,906
Assets Limited as to Use	\$ 869,777	\$ 869,777
Estimated Receivable from Third Party Payors	\$ 309,534	\$ 309,534
Estimated Payable to Third Party Payors	\$ 895,099	\$ 895,099
Accounts Payable and Accrued Expenses	\$ 2,337,690	\$ 2,337,690
Long-Term Debt	\$ 887,000	\$ 887,000

NOTE 5 - NET PATIENT SERVICE REVENUE

The following schedule represents Net Patient Service Revenue for the year ended December 31:

	<u>2010</u>
Gross Patient Service Revenue	\$57,693,228
Less: Contractual Adjustments	(31,860,935)
Less: Provision for Doubtful Accounts	(4,577,918)
Net Patient Service Revenue before Uncompensated Care Income	21,254,375
Uncompensated Care Income	<u>999,996</u>
Net Patient Service Revenue	<u>\$22,254,371</u>

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 6 - CHARITY CARE

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Hospital maintains records to identify and monitor the level of charity care it provides. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges foregone and supplies furnished, based on established rates, were \$99,032 as of December 31, 2010.

NOTE 7 - CAPITAL ASSETS

Capital assets by major category are as follows:

	<u>12/31/2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>12/31/2010</u>
Land Improvements	\$ 889,758	\$ -	\$ -	\$ 889,758
Buildings	11,491,572	14,161	842	11,504,891
Equipment	<u>5,403,135</u>	<u>359,798</u>	<u>113,406</u>	<u>5,649,527</u>
Gross Capital Assets	17,784,465	373,959	114,248	18,044,176
Accumulated Depreciation	<u>(11,904,763)</u>	<u>(864,078)</u>	<u>(109,284)</u>	<u>(12,659,557)</u>
Depreciable Capital Assets, Net	5,879,702	(490,119)	(4,964)	5,384,619
Land	42,921	-	-	42,921
Construction in Progress	47,986	263,094	19,123	291,957
Less: Transfers from Construction				
In Progress	<u>-</u>	<u>(19,123)</u>	<u>(19,123)</u>	<u>-</u>
Total Capital Assets	<u>\$ 5,970,609</u>	<u>\$ (246,148)</u>	<u>\$ (4,964)</u>	<u>\$ 5,719,497</u>

Depreciation expense for the year ended December 31, 2010, amounted to \$864,078.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 8 - LONG-TERM DEBT AND OTHER NON-CURRENT LIABILITIES

Long-term debt at December 31, 2010 consisted of the following:

	<u>2010</u>
General Obligation Bond, Series 2009, floating interest rate, annual principal installments due April 1 of each year, semi-annual installments of interest due April 1 and October 1 of each year through 2013	\$ 1,059,000
General Obligation Bond, Series 2003, 5.75% interest rate, annual principal installments due March 1 of each year, semi-annual installments of interest due March 1 and September 1 of each year through 2013	246,000
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$81, including interest at 0%, maturing in 2011	1,053
Note Payable for the acquisition of equipment, repayable in monthly installments totaling \$12,273 including interest at 4.73%, maturing in 2010	-
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$1,640 maturing in 2010	-
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$288, including interest in 15.6%, maturing in 2010	<u>-</u>
Gross Long-Term Debt	1,306,053
Less: Current Portion	<u>419,053</u>
Long-Term Portion	<u>\$ 887,000</u>

A summary of long-term debt activity for the year ended is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital Lease Obligations	\$ 12,361	\$ -	\$ 11,308	\$ 1,053
General Obligation Bond, Series 2009	1,385,000	-	326,000	1,059,000
General Obligation Bond, Series 2003	321,000	-	75,000	246,000
Note Payable	<u>120,110</u>	<u>-</u>	<u>120,110</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 1,838,471</u>	<u>\$ -</u>	<u>\$ 532,418</u>	<u>\$ 1,306,053</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 8 - LONG-TERM DEBT AND OTHER NON-CURRENT LIABILITIES (CONTINUED)

Balance due within one year:

	<u>2010</u>
Capital Lease Obligations	\$ 1,053
General Obligation Bond, Series 2009	340,000
General Obligation Bond, Series 2003	<u>78,000</u>
Total Current Portion of Long-Term Debt	<u>\$ 419,053</u>

Scheduled repayments on long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 419,053	\$ 35,173	\$ 454,226
2012	435,000	23,577	458,577
2013	<u>452,000</u>	<u>7,963</u>	<u>459,963</u>
Total	<u>\$ 1,306,053</u>	<u>\$ 66,713</u>	<u>\$ 1,372,766</u>

Interest expense incurred on long-term debt was \$58,029 for the year ended December 31, 2010.

During the year ended December 31, 2009, The Hospital refinanced the remaining portion of the 1999 Series Bonds, resulting in the issuance of the 2009 Series General Obligation Refunding Bonds. These Bonds are secured by Ad Valorem tax revenue. The proceeds from the 2009 Bond issuance are restricted to the payment of costs associated with the Hospital's capital projects. The Bond proceeds that remain are restricted, in that the earnings on the remaining proceeds cannot generate a yield in excess of that yield on the Bonds.

The 2003 Revenue Bonds are secured by bonds in the amount of \$700,000, and a pledge of revenues from the operation of the Hospital. The proceeds were restricted for the purpose of paying a portion of the costs of constructing and acquiring improvements and renovations to the Hospital.

During the year ended December 31, 2005, the Hospital acquired equipment under the terms of an equipment installment purchase agreement. The amount of equipment acquired totaled \$654,548 and the obligation was payable in 60 monthly installments totaling \$12,273 per month, including interest at 4.73%. The obligation is secured by equipment. This obligation matured and has a zero balance as of December 31, 2010.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 9 - LEASES

The Hospital is obligated under certain non-cancelable operating leases for various equipment. Amounts paid under these leases totaled \$739,869 for the year ended December 31, 2010. Future minimum operating lease payments are as follows:

2011	\$409,832
2012	297,750
2013	<u>7,531</u>
Total	<u>\$715,113</u>

The Hospital leases office space to certain doctors. Rental income received under these arrangements totaled \$139,697 for the year ended December 31, 2010.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit to patients, substantially all of whom are local residents. The Hospital generally does not require collateral or other security extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross and commercial insurance policies).

The mix of gross receivables from patients and third-party payors at December 31, 2010 are as follows:

	<u>2010</u>
Medicare	38.6%
Medicaid	8.7%
Commercial and other third-party payors	<u>52.7%</u>
Total	<u>100.0%</u>

NOTE 11 - DEFINED CONTRIBUTION PLAN

The Hospital offers to its employees a single employer defined contribution plan in accordance with Internal Revenue Code Section 457. Substantially all employees who have completed one year of service are eligible to participate. Under the plan, the maximum deferral offered to the employees is \$15,500, as defined in the plan agreement. The Hospital is required to match 100% of the employees' deferral, not to exceed 3% of the employees' salary of \$15,500. Participants become fully vested after five years, with no graduated vesting occurring between years one through four. Employer contributions were \$146,938 for the year ended December 31, 2010.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 11 - DEFINED CONTRIBUTION PLAN (CONTINUED)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, and the benefits may not be diverted to any other use.

The Hospital has no liability for losses under the plan. An independent administrator serves as trustee of the employees' deferrals and the Hospital's matching contributions. Each employee chooses from an array of investment options offered by the administrator.

NOTE 12 - CONTINGENCIES

The Hospital evaluates contingencies based upon the best available evidence. The Hospital believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts, which vary, from the Hospital's estimates, future earnings will be charged or credited.

The principal contingencies are described below.

Third Party Cost-Based Charges

The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as a result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Service (CMS) to implement a Recovery Audit Contractor (RAC) program on a permanent and nationwide basis no later than 2010. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare reimbursement in an amount estimated to equal the overpayment.

The Hospital will deduct from revenue, amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amount due can be reasonably estimated. RAC assessments are anticipated; however, the outcome of such assessments are unknown and cannot be reasonably estimated.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 12 - CONTINGENCIES (CONTINUED)

Professional Liability Risk

The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund of the Louisiana Hospital Association Trust Fund.

Workman's Compensation Risk

The Hospital participated in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund in 2010. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the Hospital is contingently liable for assessments for the Louisiana Hospital Association Trust Fund. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations of equity in the trust fund in its financial statements.

Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Hospital is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Hospital's financial position.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 26, 2011, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

SCHEDULE OF NET PATIENT SERVICE REVENUE

DECEMBER 31.

	2010		
	INPATIENT	OUTPATIENT	TOTAL
Daily Patient Services			
Medical and Surgical	\$ 1,889,210	\$ 130,830	\$ 2,020,040
Intensive Care	<u>102,818</u>	<u>-</u>	<u>102,818</u>
			-
Total Daily Patient Services	<u>1,992,028</u>	<u>130,830</u>	<u>2,122,858</u>
			-
Other Nursing Services			
Emergency Services	2,095,548	6,733,244	8,828,792
Operating and Recovery Rooms	98,714	2,534,696	2,633,410
Central Services and Supply	<u>969,827</u>	<u>1,522,098</u>	<u>2,491,925</u>
			-
Total Other Nursing Services	<u>3,164,089</u>	<u>10,790,038</u>	<u>13,954,127</u>
			-
Other Professional Services			
Laboratory	1,904,818	11,644,036	13,548,854
Pharmacy	2,077,441	4,265,875	6,343,316
Cat Scan	368,525	5,120,677	5,489,202
Cardiopulmonary	2,715,496	608,133	3,323,629
Radiology	237,831	1,997,798	2,235,629
Speech/Occupational/Physical Therapy	110,980	1,517,301	1,628,281
MRI	85,438	1,239,215	1,324,653
Ultrasound	168,862	922,848	1,091,710
Nuclear Medicine	62,994	416,276	479,270
Woundcare	-	1,167,402	1,167,402
Echo and Doppler	340,603	612,746	953,349
Pediatric Internal Medicine Clinic	-	741,105	741,105
Chemotherapy	77,521	674,051	751,572
Electrocardiology	161,146	464,322	625,468
Anesthesiology	3,008	434,559	437,567
Franklinton Clinic	-	419,302	419,302
Electroencephalography	9,465	361,183	370,648
Mammography	741	342,324	343,065
Hospitalist	61,203	19,277	80,480
Swing Bed	204,585	-	204,585
Dietary	29,744	2,354	32,098
Dialysis	<u>23,584</u>	<u>1,474</u>	<u>25,058</u>
			-
Total Other Professional Services	<u>8,643,985</u>	<u>32,972,258</u>	<u>41,616,243</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

SCHEDULE OF NET PATIENT SERVICE REVENUE

DECEMBER 31,

	2010		
	INPATIENT	OUTPATIENT	TOTAL
Gross Patient Service Revenue	\$ 13,800,102	\$ 43,893,126	57,693,228
Less: Contractual Adjustments			31,885,871
Less: Provision for Doubtful Accounts			4,577,918
Net Patient Service Revenue Before Uncompensated Care Income			21,229,439
Uncompensated Care Income			999,996
Net Patient Service Revenue			\$ 22,229,435

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

SCHEDULE OF OTHER OPERATING REVENUE

DECEMBER 31,

	<u>2010</u>
Other Operating Revenue	
Donations and Grants	\$ 471,550
Cafeteria	60,441
Concessions	9,954
Other	<u>61,974</u>
	<u>\$ 603,919</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

SCHEDULE OF EXPENSES

DECEMBER 31,

	<u>2010</u>
Salaries	
Administrative	\$ 1,678,264
Nursing Administration	595,000
Medical and Surgical	926,344
Intensive Care	143,773
Emergency Services	1,381,374
Operating and Recovery Rooms	277,812
Central Services and Supply	75,673
Laboratory	755,725
Cat Scan	56,940
Cardiopulmonary	532,465
Radiology	513,301
Speech/Occupational/Physical Therapy	360,053
Ultrasound	142,846
Nuclear Medicine	82,179
Echo and Doppler	78,191
Pediatric Internal Medicine Clinic	410,455
Chemotherapy	136,623
Electrocardiology	27,153
Anesthesiology	339,573
Franklinton Clinic	511,497
Mammography	41,145
Swing Bed	652
Dietary	142,657
Housekeeping	203,113
Plant Operations	241,661
Social Services	117,940
Physician Office	<u>7,726</u>
 Total Salaries	 <u>\$ 9,780,135</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

SCHEDULE OF EXPENSES

DECEMBER 31,

2010

Outside Services and Professional Fees

Administrative	\$ 217,457
Nursing Administration	1,996
Intensive Care	2,103
Emergency Services	1,765,120
Operating and Recovery Rooms	118,750
Laboratory	245,217
Pharmacy	368,474
Cat Scan	400
Cardiopulmonary	165
Radiology	31,012
Speech/Occupational/Physical Therapy	34,787
MRI	384,066
Nuclear Medicine	2,527
Woundcare	375,251
Echo and Doppler	165
Pediatric Internal Medicine Clinic	8,771
Chemotherapy	2,204
Electrocardiology	8,018
Franklinton Clinic	5,947
Electroencephalography	65,600
Mammography	3,360
Hospitalist	150,000
Dietary	38,453
Dialysis	9,350
Housekeeping	62,795
Plant Operations	19,208
Social Services	4,030
Physician Office	1,115

Total Outside Services and Professional Fees	<u>\$ 3,926,341</u>
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WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

SCHEDULE OF EXPENSES

DECEMBER 31,

	<u>2010</u>
Supplies and Other Expenses	
Administrative	\$ 1,194,381
Nursing Administration	6,609
Medical and Surgical	61,667
Intensive Care	6,253
Emergency Services	91,930
Operating and Recovery Rooms	253,420
Central Services and Supply	246,097
Laboratory	735,360
Pharmacy	1,575,040
Cat Scan	294,136
Cardiopulmonary	86,511
Radiology	295,946
Speech/Occupational/Physical Therapy	16,195
MRI	6,091
Ultrasound	47,664
Nuclear Medicine	90,187
Woundcare	950
Echo and Doppler	42,971
Pediatric Internal Medicine Clinic	83,482
Chemotherapy	1,915
Electrocardiology	8,433
Anesthesiology	5,505
Franklinton Clinic	17,679
Mammography	157,712
Dietary	107,956
Housekeeping	68,148
Plant Operations	815,382
Social Services	339
Physician Office	<u>1,040</u>
 Total Supplies and Other Expenses	 <u>\$ 6,318,999</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

SCHEDULE OF GOVERNING BOARD EXPENSES

DECEMBER 31,

	<u>2010</u>
Walter Sylvest	\$ -
Wayne Knight	900
Lionel K. Jones	825
Violet D. Tate	600
Rachel Gill	-
Charles Mike Cassidy	-
Lavern Jenkins	-
Joseph Cobb	900
James T. Thomas	-
Dr. Mark L. James	-
Total Governing Board Expenses	<u>\$ 3,225</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

SCHEDULE OF INSURANCE POLICIES

DECEMBER 31,

RISK COVERED	2010	
	COVERAGE	PERIOD
Workers' Compensation	\$ 1,000,000	1/1/10 to 12/31/10
Medical Professional Liability - total limit Any one person limit	\$ 3,000,000	2/2/10 to 2/1/11
[with the Louisiana Patients' Compensation Fund (LPCF) affording an additional \$500,000 in protection]	\$ 1,000,000	2/2/10 to 2/1/11
Commercial General Liability - Total Limit Any one person limit	\$ 3,000,000	2/2/10 to 2/1/11
	\$ 1,000,000	2/2/10 to 2/1/11
Commercial Automobile	\$ 1,000,000	2/2/10 to 2/1/11
Commercial Umbrella - excess liability (The Umbrella is excess of Commercial, General, Automobile, Employer's and Professional Liability Insurance)	\$ 5,000,000	2/2/10 to 2/1/11
Commercial Property Hospital Complex - Total Blanket	\$ 36,667,789	2/2/10 to 2/1/11
Earthquake	\$ 5,000,000	2/2/10 to 2/1/11
Blanket Earnings/Expenses	\$ 9,421,259	2/2/10 to 2/1/11
Director and Officers' Liability	\$ 3,000,000	2/2/10 to 2/1/11
Computer and Data Hospital Complex	\$ 2,449,987	2/2/10 to 2/1/11
2004 Marvin Magee Drive	\$ 50,000	2/2/10 to 2/1/11
807-809 Riverside Drive	\$ 100,000	2/2/10 to 2/1/11
806 B Riverside Drive	\$ 271,918	2/2/10 to 2/1/11
Data/Media Insured Locations	Included	2/2/10 to 2/1/11
Archiving System	\$ 527,431	2/2/10 to 2/1/11
45 Drawer Base Unit	\$ 228,145	2/2/10 to 2/1/11
Digital RAD System	\$ 510,400	2/2/10 to 2/1/11
GE Video Endoscope	\$ 53,280	2/2/10 to 2/1/11
Operating Video System	\$ 93,619	2/2/10 to 2/1/11
ER Telemetry/IntelliVue Equipment	\$ 176,964	2/2/10 to 2/1/11
GE Senographe Digital Mammogram Unit	\$ 510,148	2/2/10 to 2/1/11
Employee Dishonesty Blanket	\$ 250,000	2/2/10 to 2/1/11
Boiler/Machinery/Mechanical Hospital Complex	\$ 42,894,723	2/2/10 to 2/1/11
Service Interruption	\$ 100,000	2/2/10 to 2/1/11
Business Income	\$ 7,878,975	2/2/10 to 2/1/11
Expediting Expenses	\$ 100,000	2/2/10 to 2/1/11
Hazardous Substance	\$ 100,000	2/2/10 to 2/1/11
Spoilage	\$ 100,000	2/2/10 to 2/1/11
Office Buildings 803-805 Riverside	\$ 263,059	2/2/10 to 2/1/11
806 Riverside	\$ 147,403	2/2/10 to 2/1/11
807-809 Riverside - Building	\$ 263,059	2/2/10 to 2/1/11
807-809 Riverside - Furnishings	\$ 13,000	2/2/10 to 2/1/11
2004 Marvin Magee Drive - Building	\$ 142,867	2/2/10 to 2/1/11
2004 Marvin Magee Drive - Furnishings	\$ 12,000	2/2/10 to 2/1/11
809 Boat Ramp Road - Building	\$ 142,867	2/2/10 to 2/1/11
809 Boat Ramp Road - Furnishings	\$ 12,000	2/2/10 to 2/1/11
Extra Expense Each Location	\$ 50,000	2/2/10 to 2/1/11

**LANGLINAIS
BROUSSARD &
KOHLENBERG**

A Corporation of Certified Public Accountants



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of Commissioners
Washington Parish Hospital Service District No. 1
Franklinton, Louisiana

We have audited the financial statements of Washington Parish Hospital Service District No. 1 (The Hospital), a component unit of the Washington Parish Government, State of Louisiana, as of and for the year ended December 31, 2010, and have issued our report thereon dated May 26, 2011.

We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the Hospital as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider all deficiencies described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan" to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider all deficiencies described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan" to be significant deficiencies.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not identify instances of noncompliance that are required to be reported under Government Auditing Standards.

The Hospital's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Management's Corrective Action Plan". We did not audit the Hospital's responses and, accordingly, we express no opinion on it.

This report is intended for the information of Washington Parish Hospital Service District No. 1, a component unit of the Washington Parish Government, State of Louisiana, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

We acknowledge with appreciation the courtesies extended our representatives during the audit.

Sincerely,



LANGLINAS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)

May 26, 2011

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION
PLAN**

FOR THE YEAR ENDED DECEMBER 31, 2010

We have audited the financial statements of Washington Parish Hospital Service District No. 1 d/b/a Riverside Medical Center (the Hospital), a component unit of the Washington Parish Government, State of Louisiana, as of and for the years ended December 31, 2010 and have issued our report thereon dated May 26, 2011.

We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audit of the financial statements as of December 31, 2010, resulted in an unqualified opinion.

Section I: Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements:

Internal Control:

Material Weaknesses:	Yes
Significant Deficiencies:	Yes

Compliance:

Compliance Material to Financial Statements	No
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Section II: Financial Statement Findings

A - Issues of Noncompliance

None Identified.

B- Significant Deficiencies and Material Weaknesses

Finding 2010-1 Financial Statement Preparation

Condition and Criteria: The Hospital relies on its outside auditors to assist in the preparation of external financial statements and related disclosures. Under U.S. generally accepted auditing standards, outside auditors cannot be considered part of the Hospital's internal control structure, and, because of limitations of the Hospital's accounting staff, the design of the Hospital's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Effect: This represents a material weakness in the Hospital's internal control system.

Recommendation: The Hospital should continue outsourcing the preparation of its financials to its independent auditors and carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

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FOR THE YEAR ENDED DECEMBER 31, 2010

Finding 2010-1 Financial Statement Preparation, Cont'd

Management Response: Riverside Medical Center is a rural critical access hospital and has a limited qualified accounting staff that can prepare the financial statements and related disclosures. Therefore we will have to continue outsourcing the preparation of our financials to our independent auditors and carefully review the draft financial statements and notes prior to accepting responsibility for their contents and presentation.

Section III: Management Letter Items

There are no management letter items at December 31, 2010.



June 3, 2011

Louisiana Legislative Auditor
Daryl G. Purpera, CPA, CPE
P. O. Box 94397
Baton Rouge, LA 70804-9397

Re Washington Parish Service District No. 1
dba Riverside Medical Center
Response to Auditor's Financial Statement Findings

To Whom It May Concern

Langlinais, Broussard, & Kohlenberg a CPA firm, was contracted to conduct an external review of our financial statement and internal controls for the period ending December 31, 2010. During the course of their review, the firm found significant deficiencies and material weaknesses in the hospital's internal control system due to the fact that the Hospital relies on its outside auditors to assist in the preparation of the financial statements and related disclosures.

Riverside Medical Center is a rural critical access hospital and has a limited qualified accounting staff that can prepare the financial statements and related disclosures. Therefore we will have to continue outsourcing the preparation of our financials to our independent auditors and carefully review the draft financial statements and notes prior to accepting responsibility for their contents and presentation.

Sincerely


Patricia A. Mizell
Chief Financial Officer

Colvin Green
Chief Executive Officer

Board of Commissioners

Charles M. Cassidy
Chairman

Walter W. Sylvest
Vice Chairman

Rachel S. Gil

James W. Knight

Violet D. Tate

Lavern Jenkins

Lionel K. Jones

Joseph Cobb

James T. Thomas

Mark L. James MD